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DISCUSSION PAPER

*Integrating the Balkans: Regional Ownership and
European Responsibilities*

BALKAN FORUM

Berlin, July 15-16, 2002

Bertelsmann Foundation, Guetersloh

Center for Applied Policy Research, Munich

Policy Planning Staff, German Federal Ministry of Foreign Affairs, Berlin

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In-between Legacies of Instability and Perspectives of Integration

Last year's roundtable *Negotiating the Balkans*, organised by the Bertelsmann Foundation and the Center for Applied Policy Research in co-operation with the Policy Planning Staff of the German Ministry of Foreign Affairs in Berlin on August 22-23, was characterised by the optimism related to the democratic victory of pro-European reform governments throughout the region. The optimism was qualified by the outbreak of inter-ethnic violence in Macedonia in spring. This unanticipated conflict was barely contained by the fragile, EU brokered Ohrid Agreement, signed just days before the conference. Since then, existing agreements have been upheld and new agreements have been brokered. Kosovo's Constitutional Framework for Provisional

The risk of armed conflicts *between* states and state-like entities in the regions now seems remote. This is not to say that the potential for clashes between ethnic groups *within* states or for controversies between states has diminished significantly.

Self-Government and the Belgrade Agreement for Serbia and Montenegro are recent examples of internationally mediated arrangements to defuse potential stability risks and to enhance the functioning of states. Evidently, the *implementation* of these agreements has suffered serious setbacks. The risk of armed conflicts *between* states and state-like entities

in the regions now seems remote. Yet, the potential for clashes between ethnic groups *within* states or political controversies *between* states have not diminished significantly. Without the pressure of the shared perspective of EU membership, the political will and commitment in the region to negotiate bilateral and multilateral arrangements for unresolved issues – as envisaged in last year's discussion paper – would dwindle.

Today, regional co-operation and the perspective of EU membership are taking shape. The evolving network of bilateral free-trade agreements and the SEECP political dialogue of the Sofia Process are cases in point for regional commitment. Meanwhile, the EU's 1999 promise to "draw the region closer to the perspective of full integration

Despite the inclusion of the entire peninsula in the prospective *finalité* of European integration, the expected duration of the "association" phase and the exclusion of the wider Southeast European region from full EU membership for a protracted period of time poses new challenges to Europe and the region alike.

of these countries into its structures" has become the Stabilisation and Association Process (SAP), designed much along the lines of the Europe Agreements for Eastern enlargement in the 1990s. Whereas the CARDS program provides "pre-association" assistance, the Stabilisation and Association Agreements (SAAs) define the criteria, objectives and strategic priorities for each country.

The Stability Pact was once designed as a comprehensive strategy bringing together all relevant international organisations and donors for the *stabilisation* of the region.

Now, the Pact is increasingly remoulded along the lines of *complementarity* and will become an auxiliary to the EU association process for the countries of the region.

For a Europe increasingly considering the Balkans as its responsibility and as part of its *finalité*, two epochal decisions are on the horizon; the NATO summit in Prague in November with the accession of up to seven new members and the European Council in December with the conclusion of accession negotiations with all East European candidates except for Romania and Bulgaria. This means that all of Southeastern Europe is *included* in the prospective *finalité* of European integration, but *excluded* from actual membership for a protracted period of time. The expected duration of this “association” phase poses new challenges to Europe and the region alike. The challenges concern the balancing of national, regional and European priorities as well as the management of political and public expectations. A balance has to be struck between the regionality of the Stability Pact and the conditionality of EU association; between exporting stability and importing instability; between state-formation and nation-building; as well as between European responsibilities and regional ownership. In the medium term the challenges range from unresolved status issues in and around the Belgrade-Pristina-Podgorica triangle to potential ethnic conflagrations within states or state-like entities, e.g. between Macedonians and Albanians in Macedonia or between Bosnians, Serbs and Croats in Bosnia and Herzegovina. The Balkans has induced Europe to build up its engagement in terms of institutions, policy strategies as well as diplomatic and military capabilities. The current peacekeeping and policing missions in Bosnia and Herzegovina, Macedonia and Kosovo tax the emerging capabilities of the European CSDP in its first operating area. Europeans have assumed a leading role in the mediation between Belgrade and Podgorica as well as between Belgrade and Pristina, on the one hand, and in the governing of Kosovo and Bosnia as international protectorates, on the other. The structural and institutional dilemmas of the projected trajectory towards EU integrations require political will and a strategic vision.

The objective is to create the preconditions for human security, well-being and prosperity for each and every individual in the region. Each of the often-cited principles and ideas has to derive its rationale and justification from this ultimate objective. This applies to the concepts of regional stabilisation, state functionality and national self-determination as much as to those of regional co-operation and *even* European integration. All key disputes involve the prioritisation and differentiation of these partially contradictory concepts for the region. Even though European integration has become the shared ideal for the individuals, communities, states, and nations as well as for the region as a whole, it is not self-evident. In the logic of this

strategy paper, the structural deficits and more recent legacies of the Balkans make the functioning of states (i.e., rule of law, good governance, separation of powers, human and minority rights, etc.) the *conditio sine qua non*. European integration merely is the Archimedean point of its future development. Without codification and implementation of human and minority rights, national self-determination becomes meaningless. Without regional stability, the inward and outward consolidation of states remains a chimera. Regional co-operation is a direct precondition and indirect prerequisite for European integration, but its value for prosperity and stability will remain - independent of or even beyond EU accession.

The roundtable addresses the above issues in four panels. First, a reflection on the consequences of the dominance of the European perspective for the region and the commitments involved, both on the part of the EU and on the part of its Southeast European partners.

Secondly, regionality and regional ownership should be redefined and differentiated as functional prerequisites for political and economic

The structural deficits and more recent legacies of the Balkans make functioning states the *conditio sine qua non*, European integration merely the Archimedean point of its future development.

development. In Southeastern Europe, co-operation is all too often understood as a sidetrack for the (indefinite) postponement of integration or as a pseudo-criterion of EU accession for appearances only. So far regional co-operation has been driven by the international community and has not (yet) become a self-sustaining endeavour in regional ownership. Thirdly, the issues of regional arrangements for status and non-status issues with international mediation as debated at last year's roundtable *Negotiating the Balkans* are revisited. This strategy paper upholds the argument that the functioning of states and state-like entities is the pivotal prerequisite, the *conditio sine qua non* for any sovereignty-related arrangements, not the other way around. Credible interim arrangements and a process towards a final-status arrangement have to be designed in order to prevent the status issues from stifling all progress as well as to facilitate the expansion of co-operation and the tackling of recurring stability risks generated by disruptive forces in the region. Fourthly, the final panel envisages a synthesis of the above issues of European integration, regional co-operation and status issues from the vantage point of the future Balkans as an integral and increasingly integrated part of Europe. Apart from the optimistic scenario of a linear, albeit protracted process towards EU membership, the synthesis also addresses the imponderabilities of structural deficits and regional specifics: Without political will and stamina on both sides, this European project could easily end in a quagmire of simulated reforms, shunned risks and diluted conditionalities.

1. European Integration: Prerequisites and Consequences

In Southeastern Europe and in the countries of the Western Balkans in particular, transition towards pluralist democracy and market economy occurs in parallel to the evolving perspective EU integration. The links between transition and EU integration are much more pronounced here from the very beginning than they were in East Central Europe ten years ago. Delayed transition and weak states with a history of inter-ethnic and inter-state conflict have made the region a key concern for the process towards stability, integration, and prosperity in Europe as a whole. By now, the logic and momentum of European integration have made the inclusion of the Balkan states a foregone conclusion, a strategic inevitability.

Once certain basic preconditions have been met and armed conflicts between states have become a remote risk in this region too, the conditionalities and normative prescriptions of EU membership become the framework of reference for the transformation of politics, civil society and the economy in each country of the region. The preconditions based on Helsinki 1975 and Copenhagen 1993 – recognition of borders, renunciation of violence, stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities - have been met (with some notable exceptions though). Subsequently, the EU has installed the Stabilisation and Association Process, designed in analogy to the Europe Agreements of Eastern enlargement and offering bilateral contractual relations with the perspective of full membership in a European Union with 30 or more members. Now, the Copenhagen Criteria have become the framework of conditionality as well as the basis for annual assessments and policy prioritisations.

The initial situation in Southeastern Europe now is quite different from the basis for political and economic transition in East Central Europe at the time of the Copenhagen European Council. The term “economic reconstruction” is a euphemism, as structural deficits in economic modernisation, infrastructure, and state administration loom large behind the immediate consequences of the conflicts of the past ten years. The weakness of the states in the region implies not only a distinct problem of aid absorption and aid addiction, but also an over-politicisation and a macro-political volatility detrimental to reform. Paradoxically, despite the weakness of the state, economic development for some time to come depends largely on political strategies and frameworks.

In order to take into account the qualitatively different initial situation, the more pronounced regional heterogeneity and its fragmentation in terms of states and nations,

a Stability Pact providing massive, low-conditionality assistance to bridge the developmental gap seconds the Stabilisation and Association Process providing asymmetric trade liberalisation to stimulate economic production. Additionally, unlike East Central Europe, the international community provides guarantees for security in the form of military and policing forces throughout the region as well as diplomatic crisis management. In the experience of Eastern enlargement, regional co-operation was a consequence rather than a precondition for EU integration. However, for reasons of political and economic scale, development level, the tendency to national insularity, and political instability regional co-operation is a must for the Balkans.

The promise of EU accession for the countries of the Western Balkans has become credible and concrete - particularly after the enlargement of 2004. Yet, a longer association phase of 10 to 15 years under the Stabilisation and Association Process seems to be the most plausible scenario. Bridging this transitional period requires not only good management of expectations on the part of the EU decision-makers and its counterparts in the region, but also tangible results in human security as well as in political and economic reform.

Preventing the EU from becoming a hostage of the destabilising potentials of the region and of its own promise requires a strict, but fair conditionality with incentives and sanctions. The conditionality has to be responsive to the developments on the ground, without giving the impression that the production of stability risks pays off more readily than any uphill reform endeavour. The promise of EU accession is irrevocable as an Archimedean point, but the mere passing of time does not replace or soften its conditions. Thus, the European commitments in reform assistance cannot be separated from the requirement of a constructive and responsible approach to stability risks in Southeastern Europe. Ultimately, the political will and commitment of the regional leaders determines the success or failure of the European package consisting of a bilateral (pre)association process, regional co-operation and pro-active crisis management.

... for Europe		... for Southeastern Europe
How to uphold fair conditionality for EU association and integration without creating a new sub-region of outsiders unable to catch up with more advanced countries in the region?		How to sustain a political commitment to transition and EU integration during a longer transitional period without backsliding to national rhetoric or simulated reforms?

2. Regional Co-operation: From Stabilisation to Integration

Regional co-operation, regionality and regional ownership have to become magic words to solve the inequality of massive international assistance and structural regional deficits, to resolve the tension between an accelerating process of European integration and a persistently volatile and unstable region to the Southeast. Regionality rather than conditionality constitutes the paradigm of the Stability Pact for Southeastern Europe. In the wake of the Pact, a whole range of new institutions and gatherings have dedicated themselves to achieving regional co-operation and to establishing regional ownership in their respective fields, some of them *bottom-up*, most of them *top-down*.

The track record of regional co-operation is impressive as far the number of meetings, declarations and initiatives is concerned. Real but intractable structural problems like corruption and organised crime or environmental pollution are on the agenda of most

Despite being part of the explicit conditionality of EU integration, most forms of regional co-operation do make sense from a purely regional perspective, no matter if and when EU accession will take place.

initiatives, resulting in duplication and a waste of resources. Conversely, initiatives to exploit the obvious chances for co-operation, e.g. free trade, road (re)construction or border and visa regimes, face major hurdles due to lack of

political will and flexibility. The impression remains that (sub)regional or cross-border co-operation is most effective when it takes place on a pragmatic, local and interest-driven level - without getting entangled in national politics. Most of the new institutions, networks and initiatives may still be unknown to the citizens of the region. Multiple channels and fora for regional dialogue with different groupings and themes do have their merits, but there is an evident trade-off with the limited human resources of the state institutions involved. Conversely, *functional* co-operation requires an institutional and operational division of labour, not a random multiplication of initiatives. Even in civil-society initiatives, *plurality* is not tantamount to *pluralism*, institutional proliferation not a measure of success.

Evidently, both politicians and the public are inclined to (mis)interpret the “directive” of regional co-operation by the European Union and by the Stability Pact as a rhetorical trick or delaying tactics in the integration process. There is widespread anxiety in some countries of the region that Brussels perceives the Western Balkans as a *group* in which the slowest candidate determines the pace of the integration process for all.

However, regional co-operation is not a zero-sum game. As regional co-operation promotes political stability and economic development, it *cannot be* detrimental to the shared EU perspective for the region. Functional forms of regional co-operation will never have a negative impact on the process towards EU integration for any country, albeit the actual catch-up effects may differ from country to country. Local cross-border co-operation and civil-society networking contribute to a de-mystification of ethnic prejudices and a gradual normalisation of relations. More directly, economic growth can only be achieved when the region of small and smallest states banks on economies of scale by integrating a market of 25 million for producers and investors and by gradually erasing barriers to the free flow of persons, goods and capital within the region. The fact that most countries trade mainly with EU countries by no means devalues this priority. Uniform systems for tariffs and visa regimes are a first important step in the right direction. Transport infrastructure, energy grids and tourism are regional by default. Most forms of regional co-operation do make sense from a purely regional perspective, no matter if and when EU accession will take place. The experience of the EU member states and the ten accession states indicates that the value of regional co-operation and solidarity even increases *with* accession. Many forms of functional regional co-operation actually accelerate and facilitate the process of fulfilling the preconditions for EU association and eventual accession for all countries of the region, in addition to improving the actual preconditions for stability and prosperity in the region in the meantime.

Nevertheless, the elusiveness of the panacea “regionality” as well as the tension between multilateral regional co-operation and the bilateral conditionality of the relations with the EU call for a qualification and differentiation of the concepts of regionality and ownership. The European Union and the Stability Pact should define and promote clear priorities in terms of *functional* forms of regional co-operation that are advantageous for each state in the region, both in terms of national interests and of the long-term EU perspective. Because of the protracted process towards EU membership, regional co-operation needs a dynamism and justification in its own right.

From the perspective of EU integration as the Archimedean point and dominant framework for the Balkan region, a new congruence of multilateral regional co-operation and bilateral EU association agreements will have to be designed and implemented to make timeframes synchronous and strategies complementary. The **Stability Pact for South Eastern Europe**, the quintessence of regional co-operation and ownership for the Western Balkans, was originally designed as a uniquely comprehensive approach to move South Eastern Europe towards *stability* and away

from its structural deficits in modernisation and its endemic track record of ethnic and territorial conflicts. Today, three years later, those who consider the Pact a failure have not this original objective in mind, but rather a more far-reaching endeavour. In the long-term endeavour of turning South Eastern Europe into a region of stability and prosperity as an integral part of an integrating Europe, however, the Stability Pact can only be one out of several stepping-stones, albeit an important one.

With the fundamental changes that *have been* achieved in the region over the past three years the window of opportunity has been opened for the consolidation of functioning states, for regional co-operation and for European integration. The European Union and its Stabilisation and Association Process have become the main framework for the region. The Stability Pact becomes its auxiliary, shouldering a number of *complementary* tasks that are incompatible with the set-up of the SAP. Complementarity, however, does not imply that the Stability Pact were to cover each imaginable task not dealt with in the framework of the SAP. As ownership is key, the Stability Pact should restrict itself to prioritising well-designed incentives and framework conditions rather than strive for comprehensiveness or the co-ordination and inclusion of all relevant initiatives and networks. The Tetovo crisis has proven that the Stability Pact and its Special Co-ordinator have a role to play in pro-active and re-active crisis management. Many legacies of the crisis and war-ridden 1990s have to be resolved before or parallel to the SAP. Thorny issues with a clear regional dimension concern the return and/or reintegration of refugees and internally displaced persons as well as the process of reconciliation between ethnic communities and between states.

One complementary task already taken on by the SP with remarkable success is instigating a regional dialogue on functional forms of co-operation in regional ownership (e.g. in military and security affairs or free-trade agreements) by providing a framework and incentives. The bilateral, conditional relations of the Stabilisation and Association Agreements are evidently inadequate for the instigation of a regional dialogue and the stimulation of regional co-operation. In regional co-operation defined by *functionality*, some initiatives may be sub-regional, while others cross the borders of the Balkans or Southeastern Europe as defined by the process of EU integration. Flexible forms of cross-regional, regional, sub-regional and cross-border co-operation actually profit from the fact that the vast majority of its inhabitants does not accept „the Balkans“ as a regional unity or an identifier. Whereas the heterogeneity of contractual relations - ranging from Romania's Europe Agreement to Croatia's Stabilisation and Association Agreement or Albania's Trade and Co-operation Agreement – directly hampers regional co-operation, the EU's apparent unwillingness to deal with (sub)regional groupings that are not congruent with the logic and divides

of Eastern and Southeastern enlargement may well be counterproductive and a signal easily misunderstood.

... for Europe		... for Southeastern Europe
How to make functional regional co-operation an auxiliary to EU integration without having initiatives defined by the borders of the region and not by considerations of functionality?		How to position regional co-operation in Southeastern Europe as a key asset in its own right instead of a delaying trick or a hollow political slogan from Brussels?

3. Negotiating the Balkans: Status Issues and Robust Mediation

The paper to last year's roundtable *Negotiating the Balkans* outlined a regional negotiation process for status and non-status issues characterised by both "regional ownership" and a lead role for the European Union. In the aftermath of September 11th, the European Union has indeed assumed the main burden of responsibility for conflict management and negotiation processes in the region. Ultimately it will be up to the EU to integrate the countries of the Western Balkans. The "war on terror" as the new dominant concern of US foreign policy has hastened this shift. The 2001 strategy paper argued the case for a proactive, comprehensive regional negotiation process rather than a reactive, event-oriented approach and give priority to the *functioning* of states over the *sovereignty* of states. Over the past year, international and most of all European organisations have shown increasing assertiveness in handling status-related issues in the triangle of Belgrade-Podgorica-Pristina, within Macedonia and within Bosnia and Herzegovina. Assertiveness and political will also characterise the appointments of Erhard Busek as Special Coordinator for the Stability Pact, Lord Paddy Ashdown as High Representative for Bosnia and Herzegovina, and Michael Steiner as UN Special Representative for Kosovo.

Last year's statement that the functioning of states has priority over and should precede status arrangements seems to be gaining ground in the region recently. Assertive protectorate regimes and robust mediation in status questions are justified by the fragility of regional stability (both as a European interest and a prerequisite for reform and prosperity in the region) as well as by the need to reach to durable, sustainable arrangements rather than to create new conflict potentials. *In extremis*, these motives do justify even the current restrictions to state sovereignty and democratic rule.

In a proactive, comprehensive regional negotiation process for the outstanding issues, the *functioning* of states takes priority over the *sovereignty* of states.

Eventually, however, the process should be oriented towards restoring or installing sovereignty and democratic rule incrementally. Eventually, a next political generation will come to realise that political will and courage bridges the gap between democratic sovereignty and the conditionalities of the EU perspective.

The strenuous combination of European responsibilities and regional ownership implies a *quid pro quo* in more than one respect. Irrespective of international legal personality, the ownership of sovereign rights implies *obligations* as much as rights vis-à-vis the entire population and the neighbouring states. The *quid pro quo* of the European perspective is a strict conditionality that has to be both transparent and

“The future of Kosovo is in Europe. The EU provides a unique model for achieving common goals, while respecting national sovereignty and territorial integrity. ... Kosovo needs Europe and Europe needs Kosovo to continue on its path toward democracy and European values.”

Michael Steiner

consistent without being unresponsive to relevant political and public developments. One of the prerequisites for a gradual transfer of sovereign rights is a strict observance of human and minority rights. Being the majority nation in a state even implies a generosity towards minorities, as strict proportionality would result in the dictatorship of the majority.

The acknowledgement of the fact that most majorities are themselves a minority in one or more neighbouring countries suggests a *regional* convention and monitoring of minority policies (rather than conflict-prone models of homeland patronage). Conversely, any talk of secession and partitioning (e.g. in the case of Mitrovica or Tetovo) would reinvigorate the illusion of the ethnic homogenous nation-state and thereby ignore the fate of the co-nationals living in other, ethnically mixed parts of the same state or state-like entity.

Another *quid pro quo* relates to cases of defiance of (the letter or spirit of) the original agreements, be it the Dayton Peace Agreement, the Ohrid Agreement or UNSC resolution 1244. No government of a state or entity that tolerates or even actively engages in violations of these basic agreements can expect European support for a process of association and eventually integration. Only agreements that are respected by both parties can be modified or revised in consent. As existing arrangements do not prejudice final status, their strict implementation should not be instrumentalised to prejudice a future status arrangement.

The European *quid pro quo* for a responsible and constructive attitude by the regional partners, respecting the imperfection and fragility of current status relations, is responsiveness and reliability. To this end, Europe should speak with one voice and its message should be both consistent and non-partisan. Formally, the EU was a *neutral*

mediator in the arrangements it has brokered via “robust mediation.” In reality, the sustainability of the arrangements very much depends on the readiness of the EU as a *third party*. The EU guides the follow-up process and assists the local elites in implementing the often-unpopular compromises. Conversely, all local politicians share responsibility for the negotiated arrangement and ought to refrain from scoring populist points by scorning the compromises in public, while making good use of the linked EU assistance in silence.

For each of the status issues, Kosovo and Montenegro, the first step would be a **pragmatic interim agreement** based on the status quo without prejudicing any final status arrangement. This interim agreement would open a pragmatic window of opportunity in order to resolve some of the non-status issues that have to be resolved irrespective of the final status and in order to intensify bi- and multilateral co-operation. The preference for interim arrangements ought not to imply that *gaining time* is a goal in and by itself. If *temporising* allowed the creation of a more stable and constructive basis for final-status negotiations, much would have been gained. In the medium term (3-5 years) latest, the issue of final status will be on the agenda again. Considering the current volatility of the status questions and the intransigence of the respective positions, it is hard to argue the case for immediate break-through solutions in one direction or the other. A certain consolidation and clarification of current reality in the status issues may have its merits, but *only* in combination with a consistent and tangible process towards final-status arrangements. The stability and sustainability of the resulting arrangements for the region as well as for Europe as a whole, however, is the decisive factor. At the same time, respect for existing borders as a corner stone of stability inevitably implies a domestic *quid pro quo*, the acceptance of multiethnicity and the establishment of generous minority rights.

Designing a process towards final-status arrangements along these lines comes up against a fundamental dilemma. “Benchmarking” national achievements in terms of a functioning state implies incentive and conditionality and thus a reward in terms of sovereignty. Consequently, this objective constitutes a *disincentive* for constructive co-operation (and for some maybe even an *incentive* for destabilising actions) to local and regional political actors with a contrasting agenda for a final-status arrangement. On the other hand, any viable status arrangement requires the consent of the relevant regional and international partners, if only because the current situation is based on UNSC resolution 1244 and other international agreements. Thus, international consent would take precedence over the quality of domestic reform and *acquis* compliance. At this point, the international community and its representatives in the region, specifically in Kosovo and in Bosnia and Herzegovina, ought to capitalise on the

population as their ally rather than to leave the local perceptions of international policies exclusively in the hand of local politicians.

In contrast to a “roadmap” with a pre-defined destination, an “open” approach towards a final-status arrangement would focus on the process itself rather than the status outcome. Consequently, it would be much less of an incentive for pro-independence forces in Podgorica and Pristina to implement political and economic reforms as well

as human and minority rights guarantees. The focus would shift to bi- and multilateral negotiations for agreements on non-status issues and most of them would get tangled up with status issues. Any EU-

mediated open negotiation process in regional ownership requires a well-designed framework and an unambiguous set of principles such as no redrawing of borders and no exchanges of territory or populations. The EU would be the guarantor of principles, framework conditions, procedures, and eventual outcomes. New arrangements have to meet the criteria of sustainability and regional stability. Therefore, regional stability is not only a European responsibility, but also part of regional ownership.

The shared European perspective for the Balkans provides an incentive for functioning states and regional co-operation. The convergence of the region in EU association and integration in the medium term may even defuse some of the current controversies or make the disputed issues irrelevant. Whereas some sovereignty-related issues will in the long run become European responsibilities or prerogatives, the European perspective cannot erase or circumvent the status issues as such. Quite on the contrary, the process of EU association and integration via the SAP pertains to numerous sovereignty-related issues and therefore constantly reiterates the unresolved status questions of Kosovo and

“Dayton was designed to end a war, not to build a country. ... But Dayton is the floor, not the ceiling.”

Paddy Ashdown

Montenegro. One such a key issue concerns the EU’s counterpart for the SAA negotiations and the corresponding CARDS assistance. Since Serbia, Montenegro and Kosovo are as heterogeneous as the Balkan region itself in their reform process and transition priorities, any effective EU “pre-accession” policy would have to consider these differences and differentiate conditionalities and assistance strategies accordingly. At the same time, negotiations and financial transfers have to abide by *de jure* sovereignty.

Thus, robust mediation for an interim arrangement as practised by the European Union and its High Representative in the case of the recent Belgrade Agreement for “Serbia and Montenegro” is not an exit strategy. Quite on the contrary, even in the cases where

the international community and the EU in particular formally only acts as a mediator, the resulting agreements depends on Europe taking responsibility for the protracted implementation process, be it provisional self-government in Kosovo, the new union of Serbia and Montenegro, integrative processes in Bosnia and Herzegovina or interethnic arrangements in Macedonia.

... for Europe		... for Southeastern Europe
How to preserve the openness of a negotiation process for the status issues without losing the leverage of conditionality for the functioning of states and state-like entities – and vice versa?		How to square progress in the Stabilisation and Association Process with the stalemate in the relevant sovereignty-related status issues?

4. Integrating the Balkans: European Responsibilities and Regional Ownership

After the first major round of Eastern enlargement in 2004, the dilemma of regionality and conditionality will come to a head in Southeastern Europe. On the one hand, the seven countries of the region will fall in different categories of relations with the EU and, on the other hand, they will all be excluded from the benefits of membership, sharing only the perspective. Paradoxically, 2004 could also be a chance for the region: The remaining pre-accession funds could be used – for instance via the Stability Pact - to support reform efforts in region and to prevent some less-developed countries from falling behind the regional process towards EU integration.

In combination with the post-2004 strategic dilemma for “Southeastern enlargement”, the inherent tension between the regionality and conditionality as well as the historical-structural heterogeneity of the region may result in a *new Balkans*. The conditional approach of the Stabilisation and Association Process rewards achievements in transition and EU adaptation on a strictly bilateral basis with more assistance and more resources. Conversely, the regional approach of the Stability Pact supports the states and state-like entities most in need rather than the most advanced countries, with minimal

“Do not ask what the international community can do for you. Ask first what you can do for yourselves.”

Paddy Ashdown

conditionality in order to instigate a catch-up process and regional equalisation. The Stability Pact and other regional initiatives certainly accelerated the process of reform and reconstruction in the entire region, but most probably by 2004 the divide will have increased rather than decreased due to path dependency and the widely diverging initial situations of the countries. A process of Southeastern enlargement will require

the strategic and partly institutional convergence of SAP, Stability Pact and crisis management under an appealing label by 2004.

Evidently, the current formal divide between the EU accession process for Romania and Bulgaria, on the one hand, and the Stabilisation and Association Process for the five countries of the Western Balkans, on the other, can be surpassed in one direction only. Consequently, a scenario with Croatia and Serbia-and-Montenegro joining the two remaining candidates after the first round of Eastern enlargement seems plausible. (Substantial economic and political progress in the neighbouring states of Serbia and Croatia may boost the reform and state-building process in Bosnia and Herzegovina, although a formal Stabilisation and Association Agreement seems out of reach for some years to come.) Conversely, the southern half of the Western Balkans, the sub-region with the higher potential for conflict and the lower potential for economic development, would be left dependent on a much-depleted regional co-operation process.

Additionally, the domestic political responsibility in the protectorate situations of Kosovo and Bosnia and Herzegovina with a representative of the international community imposing most legislation by decree is incompatible with the political Copenhagen Criteria of democracy and good governance. No Stabilisation and Association Agreement can be signed before domestic political stability and responsibility are ensured and political decision-making is no longer in the hands of the international representative. On the other hand, the EU cannot afford to leave countries drop out of the integration process. They would end up as hotbeds of instability for the entire region in an integrating Europe.

Seemingly attractive shortcuts like “partial” or “virtual” EU membership cannot resolve the dilemma of the protracted process of stabilisation, association and eventual integration. On a practical level, *enhanced* functional co-operation will be advantageous both for the enlarged EU and for its associated partners to the Southeast, e.g. in justice and home affairs or in environmental protection. As true regional co-operation is most advanced in military and security affairs, more regional ownership in this area is an important signal, in combination with an increasing Europeanisation of the policing and security missions throughout the region. However, presenting practical forms of co-operation as incremental forms of membership would be the wrong signal for sustaining the reform momentum over a longer period of time. A sound management of expectations, however, requires both relevant and symbolic milestones in the long drawn-out phase of the Stabilisation and Association Agreement without accession negotiations.

In sum, the European Union should persevere in its engagement for the region without, however, yielding to the perceived pressure of envisaged timeframes or the stability risks emanating from apparent frustration and impatience. Giving in to these pressures would mean squandering fair conditionality and accepting simulated reforms and political rhetoric at face value. This very real danger would turn a virtuous circle of conditionality and regionality into a vicious circle of deceit and resignation.

... for Europe		... for Southeastern Europe
How to create meaningful stages in the Stabilisation and association Process without implying virtual or partial EU membership and thereby diluting conditionality?		How to square requirements of conditionality in the integration to the unacceptability of dropouts without making the EU a hostage of its own enlargement process?